

Chror

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

598

SECRET

2/3

MEMORANDUM FOR JON HOWE

FROM:

Brent Scowcroft *BS*

SUBJECT:

Portugal -- Recent Developments and  
Short-Term Prospects

At Tab A for the information of the Vice President is an interagency intelligence memorandum on the current situation in Portugal.

ON-FILE NSC RELEASE  
INSTRUCTIONS APPLY

MORI C02843219 Pgs  
3-11 ONLY.

SECRET

## THE DIRECTOR OF CENTRAL INTELLIGENCE

Office of the Director

27 January 1975

MEMORANDUM FOR: The Honorable Henry A. Kissinger, Assistant to the President  
(National Security Affairs)

SUBJECT: Intelligence Memorandum: "Portugal: Recent  
Developments and Short-Term Prospects"

1. A number of unresolved issues in Portugal are producing sharpened political conflict. In particular, a clash between the radical left and moderate elements appears shaping up -- probably before the elections for a Constituent Assembly, originally promised for March. At stake is the fragile system instituted since the coup of 25 April 1974, and, in turn, Portugal's political future.

2. The attached memorandum assesses the impact of recent developments on the political contest and for the future. It is the document promised in the Alert Memorandum issued on 25 January.



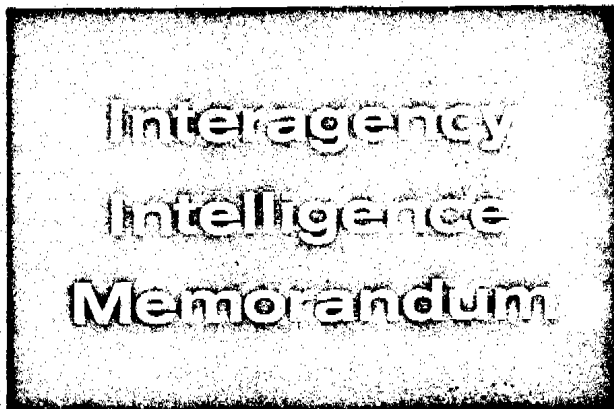
W. E. Colby  
Director

S E C R E T

25X1

**Secret**

25X1



MORI C02843219 Pgs  
3-11 ONLY.

*Portugal: Recent Developments and  
Short Term Prospects*

**Secret**

27 January 1975

Copy

Nº

1

SECRET

25X1

27 January 1975

## PORTUGAL: RECENT DEVELOPMENTS AND SHORT TERM PROSPECTS

## SUMMARY

Evidence is accumulating that growing tensions of recent days may result in major changes in the Portuguese leadership, which would have considerable impact on future policies. One catalyst is the approach of constituent assembly elections, promised by the end of March. Time seems to be running out for the present coalition government which, unable to resolve contentious issues in the pre-election period, is at the breaking point. More important, officers in the Armed Forces Movement may be about to fall into internecine strife avoided thus far.

Although we still know relatively little about the officers of the AFM, the past several weeks have taught us something about what drives them. First and foremost all of them fear reaction from the right and a return to the status quo before the coup of last April. This largely accounts for their susceptibility to pressure from the left reflected, for example, in the recent decision favorable to the Communists on the unitary labor law. But the moderates also have grounds for fearing the left. These apprehensions will dissipate very slowly, if at all. Until they do, the AFM officers will behave as a beleaguered but also divided group.

Events over recent weeks suggest that:

- Moderates within the AFM have been increasingly on the defensive.
- Many influential figures in the AFM have come to the conclusion that the populace cannot be counted on to choose wisely in free elections, and that the AFM will have to remain as the final arbiter for a long time to come.
- Chances are better than even that, if elections are permitted this spring, they will be accompanied by measures by the AFM -- with strong Communist support -- to prevent the center and right from regaining power.

- 1 -

SECRET

SECRET

25X1

- If elections are postponed, it would signify that the AFM is effectively siding with the radicals against the moderates.
- It is possible that the moderates in and out of government, faced with the apparent threat from the left, will act to reassert themselves in the coming weeks.
- Meanwhile, unless the moderates do put a brake on the radicals, control would go to the latter without the necessity of an overt coup.

- ii -

SECRET

SECRET

25X1

27 January 1975

PORTUGAL: RECENT DEVELOPMENTS AND  
SHORT TERM PROSPECTS\*A. Unresolved Issues

1. In recent months the Portuguese political scene has been troubled by a series of bitter policy fights that have thoroughly dispelled the first post-coup euphoria when various elements to the left of center found it easy to unite to prevent a "resurgence of fascism." It has become increasingly evident that divisions within the center-left government and within the Armed Forces Movement (AFM) have deepened and become sharper. The approach of the promised constituent assembly elections and the need to frame basic legislation have drawn and hardened these divisions.

2. Each fundamental issue -- the economic plan, the role of the AFM in the constituent assembly, the press and labor laws -- has become a serious problem with a potential for a broader political confrontation. Each of these issues remains unresolved -- including those that have received some form of official approval.

- The economic plan has been approved in principle by the AFM but not by the cabinet.
- The electoral law forbids the election of active military officers to the constituent assembly but no definitive ruling has been issued on the possibility of appointing the military to seats in the assembly.
- The press law concerning control of the media has been on the back burner for months.
- The unitary labor law, even though it has been endorsed by the AFM and the cabinet, must still be approved by the Council of State.

\* This memorandum was prepared initially in CIA and has been reviewed by a working group of analysts from State/INR, DIA, and CIA chaired by the National Intelligence Officer for Western Europe.

SECRET

SECRET

25X1

3. Even final ratification of the labor law, which is expected to be pro forma, would not end the struggle for control of the labor movement. Both the Popular Democrats and the Socialists seem to believe that there are enough loopholes in the legislation to allow them to frustrate Communist efforts to dominate labor through the imposition of a unitary labor structure.

**B. Political Jockeying for Higher Stakes**

4. Publicly they are painting a more pessimistic picture. The Popular Democrats held a rally last week which strongly attacked Communist domination of the media and labor. In a press interview today, Foreign Minister Soares, who is also the head of the Socialist Party, said the unitary labor law has effectively put the country's trade unions under Communist control. He also called for a high level review of the interpretations that are being placed on the Movement's program. Meanwhile, the Socialists have scheduled a rally for January 31 and the Communists have since announced their intention to hold a counterdemonstration on the same day.

5. All of this activity makes a mockery out of the unity of the three-party coalition and increases the chances that its final breakup will be violent. What is even more important in terms of the viability of the Provisional Government is the increasingly apparent split in the AFM, which has been the ultimate arbiter so far.

**C. Conflict Within the AFM**

6. The split was dramatized when the AFM's Superior Council divided in voting approval of the labor law, although the vote was publicly portrayed as a unanimous decision. Some sources claim that if the vote were held now, after the public debate has exposed the Communist strategy to dominate labor by controlling its superstructure, a majority would vote against the law. However, at the moment evidence on this point is contradictory.

7. We have noted organizational adjustments in the AFM which probably reflect a continuing struggle between moderates and leftists in the AFM. The responsibilities of the AFM's ruling bodies has never been well-defined, but the Superior Council appears to have replaced the Coordinating Commission as the principal authority since it was created in late October. The twelve-

SECRET

member Commission is still a powerful force, however. Seven of its members are on the Superior Council and four, including Prime Minister Goncalves, are in the cabinet.

8. The AFM also has recently established a 200-member General Assembly. Similar council-assembly organizations have appeared all the way down the military chain of command. The results of their consultations on any given issue are passed to higher echelons.

9. We suspect that the purpose of all this restructuring is to institutionalize the AFM, to assure its primacy, and to engage a wider spectrum of the membership in decision-making. But different factors probably want to use the structure for different purposes. Moderates may hope that on most issues the AFM will demonstrate that a majority does not support the radical positions advanced by the Coordinating Commission. The radicals, on the other hand, may hope to use the improved structure to legitimize their policies.

10. In any case, establishing tables of organization from the top leadership down to the garrison level gives the Movement an air of permanence. It casts further doubt that it will ever return to the barracks after elections -- if indeed they are held.\*

#### D. The Communists

11. The Communists fear that they are not going to do well in any elections. No projection gives the Communists more

---

\* The date for elections to the constituent assembly has not yet been fixed. The AFM has promised to hold them by March 31, but administrative difficulties are expected to cause a small delay. The assembly will meet within 15 days of its election and consider and approve a constitution within 90 days. If the assembly cannot meet that deadline, its session may be prolonged another 90 days by the President. If it fails to approve a constitution in the second session, elections for a new constituent assembly will be held within 60 days. If a constitution is approved, the assembly will disband and a date for general elections -- assuming the constitution calls for them -- will be set.

SECRET



than 20 percent of the vote and many forecasts give them considerably less. They cannot openly oppose elections because that would run counter to the AFM program. They have, however, tried to build a case for delay, charging registration "irregularities" and claiming the Portuguese people are not yet sophisticated enough to participate in elections. They have also tried but failed to make registration voluntary and not mandatory. Such a provision would have reduced registration among rural farmers in the conservative north where the Communists are particularly weak.

12. Part of the Communist concern over the elections is related to the type of constitution the assembly will produce. The Communists' only hope for influencing the elections -- short of causing widespread disorder leading to a postponement -- is their close relationship with Goncalves and the more radical elements of the AFM. That is why they have argued so strongly (although they appear to be losing on this issue) for AFM delegates to participate in the constituent assembly. The overseer influence of the AFM may be so great, however, that direct AFM participation will not be necessary to produce the kind of constitution the Communists could accept. According to one account, a member of Goncalves' staff claims that the principal parts of the constitution have already been formulated by the AFM and the Communists.

#### E. The Other Main Parties

13. The other two parties in the coalition -- the Socialists and Popular Democrats -- are almost certain to do better in the elections than the Communists, despite the better organization of the latter. Any polls in Portugal must be regarded with skepticism, but those that have been taken clearly give the Popular Democrats and the Socialists a plurality. Over half of the respondents so far express no preference.

14. The Social Democratic Center is the only legal party on the right of center. It has been subjected to criticism, harassment, and violence from the extreme left. Government protection on these occasions has been minimal and it is difficult to imagine how the party will conduct its campaign under these circumstances.

15. Other conservative elements in Portugal are maintaining a low profile. Former President Spínola gave a very moderate New Year's interview but has not been otherwise active in public.

SECRET

25X1

We continue to receive reports [redacted] however, of plans for a counter-coup that are usually linked to the return of Spínola to power. Plotting of this type undoubtedly will continue, but we have not received any indications that such a counter-coup attempt is imminent. On the record so far, we doubt that the conservatives have the capacity to pull it off.

F. Possible Coup?

16. As might be expected, Portugal's unsettled political situation has also produced rumors of a coup from the left. Some of these stories may have been contrived by conservative elements to gain support and possibly to justify some preemptive action they may be contemplating in the future.

17. Up to very recently the Communists have been doing well enough without resorting to extralegal measures. However, the lack of popular support for their cause during the labor law debate plus their bleak prospects in the elections may cause the Communist leadership to weigh more carefully the advantages of direct action versus the cautious tactics of acting as a responsible political party.

18. If the Communists could keep substantial influence with the AFM, they could live with their recent setbacks and hope to develop more and more control by degrees -- avoiding the risks of an outright coup attempt. But if their cooperation with the AFM eroded, or the Movement itself broke up, they might encourage AFM leftists to seize power. Or the latter might try it on their own initiative, using radical groups and the Communists as allies. Regardless of who initiated such a coup effort, the Communists would probably prefer to let others be out in front.

19. Faced with such prospects, moderates in and out of government may themselves be tempted to preemptive action. Whether they could succeed would depend on what forces they could command -- which is hard to predict. We continue to believe that the bulk of the armed forces, including a majority of the AFM, do not want a radical takeover. Nor does Costa Gomes. The apparent radical threat may galvanize these groups to reassert moderate power in the weeks ahead. But we cannot be sure that the will of the majority will prevail.

SECRET

SECRET

25X1

G. In Sum...

20. There are so many pitfalls and uncertainties in the Portuguese situation that it is questionable whether the elections, now expected in April, will take place. Decisions are overdue on several important issues and a prolonged bitter debate, comparable to the one on the labor law, could easily break up the government. Extreme militant groups are already becoming more violent as the elections approach. The campaigns themselves will provide even more opportunity for street violence and counterdemonstrations. These disturbances could provide the pretext for one faction or another to intervene to "restore order."

21. We continue to think that most members of the Provisional Government (including President Costa Gomes), most of the political parties, and most of the Armed Forces want to see the pluralistic society, the moderate West European socialism, and the friendly ties with Portugal's neighbors and the US which the government advances as its goals. But most of these elements also fear a reactionary counterrevolution as much as a radical takeover. In effect, they feel threatened from both directions, and probably fear that precautions against the one threat could enhance the other. This dilemma, familiar enough for moderates in many situations, is the more acute in Portugal because of the new and fragile political institutions, the deep suspicions and absence of ground rules, and the high stakes involved in day-to-day maneuvering.

22. In these circumstances, free elections seem impossible where a select group of the military has already indicated that it will intervene if the government elected is not of its liking. If elections are held and the delegates to the assembly behave like the current cabinet, their deliberations are likely to degenerate into a larger forum for political infighting that would make the AFM reluctant to hand over power to civilians. What may evolve, therefore, is a mixed military-civilian regime that will be more authoritarian than participatory in the Western European sense.

SECRET